

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NORTH CAROLINA
GREENVILLE DIVISION**

IN RE:)	
)	Case No. 19-00730
CAH ACQUISITION COMPANY #1, LLC, d/b/a)	
WASHINGTON COUNTY HOSPITAL,)	Chapter 11
)	
Debtor.)	
)	
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IN RE:)	
)	Case No. 19-01230
CAH ACQUISITION COMPANY #2, LLC, d/b/a)	
OSWEGO COMMUNITY HOSPITAL,)	Chapter 11
)	
Debtor.)	
)	
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IN RE:)	
)	Case No. 19-01180
CAH ACQUISITION COMPANY #3, LLC, d/b/a)	
HORTON COMMUNITY HOSPITAL,)	Chapter 11
)	
Debtor.)	
)	
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IN RE:)	
)	Case No. 19-01300
CAH ACQUISITION COMPANY 6, LLC, d/b/a)	
I-70 COMMUNITY HOSPITAL,)	Chapter 11
)	
Debtor.)	
)	
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IN RE:)	
)	Case No. 19-01298
CAH ACQUISITION COMPANY 7, LLC, d/b/a)	
PRAGUE COMMUNITY HOSPITAL,)	Chapter 11
)	
Debtor.)	
)	
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IN RE:)	
)	Case No. 19-01697
CAH ACQUISITION COMPANY 12, LLC, d/b/a)	
FAIRFAX COMMUNITY HOSPITAL,)	Chapter 11
)	
Debtor)	
)	

IN RE:)	
)	
CAH ACQUISITION COMPANY 16, LLC, d/b/a)	Case No. 19-01227
HASKELL COUNTY COMMUNITY)	
HOSPITAL,)	Chapter 11
)	
)	(Jointly Administered)
Debtor.)	
)	

TRUSTEE'S SECOND STATUS REPORT ON SALES OF DEBTORS' ASSETS

NOW COMES Thomas W. Waldrep, Jr., the trustee (the "Trustee") for the above-captioned debtors (individually, a "Debtor," and collectively, the "Debtors"), by and through undersigned counsel, and hereby submits this Second Status Report on the sales of the Debtors' assets. In support thereof, the Trustee respectfully states as follows:

CAH Acquisition Company #1, LLC

1. At the hearing on January 16, 2020 (the "Sale Hearing"), the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-00730, Dkt. No. 519] to Affinity Health Partners, LLC ("Affinity") pursuant to Affinity's stalking horse bid.

2. This Court's Order approving the sale to Affinity [Case No. 19-00730, Dkt. No. 686] was entered on February 7, 2020. Also on February 7, 2020, the Trustee filed the *Trustee's Status Report on Sales of Debtors' Assets* in all of the Debtors' cases (the "First Status Report"). With respect to this Debtor, the Trustee reported that he and Affinity were maintaining ongoing discussions regarding the closing of the sale of this Debtor's assets. The Trustee also reported that, after consultation with the Bankruptcy Administrator, Washington County, and First Capital, the Trustee agreed to give Affinity an additional thirty (30) days, through and until March 1, 2020, to consummate the closing of this sale.

3. Since February 7, 2020, the Trustee has remained in daily contact with Affinity, which has employed Chip Ezell of Cobalt Capital Partners ("Cobalt") to raise the funds necessary

to close on the sale of the hospital. Recently, communications with Cobalt indicate that several investors or investor groups (the “Investors”) have expressed strong interest in funding the transaction, but that such transaction will not occur prior to March 1, 2020. In most cases, Mr. Ezell has a personal relationship with the Investor and has conducted business with the Investor over fifteen years or more. Additional information about the Investors appears below.

4. Investor #1 is a well-known large single Dallas Family Office. This group has engaged legal and accounting consultants and has been conducting their diligence for the past couple of weeks. Mr. Ezell expects to communicate with them by Friday February 28, 2020.

5. Investor #2 is a large Dallas-based Family Office/Private Investment group. Affinity and Cobalt have conducted multiple conference calls and meetings with this Investor, and the Investor has engaged their Healthcare Operating Partner, who has deep domain expertise in the healthcare/hospital industry, to assist and advise them. This Investor has expressed strong interest in funding the purchase by Affinity.

6. Investor #3 is a Houston-based Private Investment Group with a stated goal of investing in healthcare and related industries. Affinity and Cobalt met with this Investor in Houston on February 19 and have had several follow-up calls since then. This Investor has expressed very strong interest in funding the purchase by Affinity and has itself acquired a mid-sized hospital in West Virginia.

7. Investor #4 is a large Dallas-based Family Office founded by an individual known to Mr. Ezell for many years. This Investor has strong interest in funding the purchase by Affinity. Affinity and Cobalt have a follow-up conference call with the Investor today.

8. Investor #5 is a hybrid multi-Family Office/Private Equity group with relevant domain expertise in the healthcare industry. This Investor has expressed strong interest in participating in a small syndicate of investors in funding the purchase by Affinity.

9. Investor #6 is a hybrid single Family Office/Private Investment group with whom Mr. Ezell has done business for many years. Affinity and Cobalt met with this Investor on February 25, 2020, after multiple phone conversations, and the Investor has expressed strong interest in putting together a syndicate of investors to fund the purchase of the hospital and other healthcare facilities.

10. Today Mr. Ezell traveled to New York for meetings scheduled with other Family Office investors who have strong interest in Affinity. Those meetings will continue through March 2, 2020. The preceding paragraphs are not an exhaustive list of potential investors with whom Affinity and Cobalt have met. Mr. Ezell believes that one or more of these investors will fund the purchase of the hospital by Affinity.

11. Although the Trustee is confident that Affinity will obtain funding for its purchase of the Debtor's assets, as a precaution the Trustee has requested that Sherwood Partners resume their efforts as sales agent for the Trustee to find alternative purchasers for these assets.

12. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company #2, LLC

1. At the Sale Hearing, the Trustee received a bid in open court for this Debtor's assets from Oswego Neuropsych Hospital, Inc. ("NHI"). Pursuant to the Court's Order authorizing the Trustee to consider such bid [Case No. 19-01230, Dkt. No. 297], the Trustee scheduled a phone

auction that was ultimately canceled for lack of competing bidders, resulting in NHI as the sole, highest, and best bidder for this Debtor's assets.

2. The Court approved the proposed sale to NHI at a subsequent hearing on January 29, 2020 (the "Second Sale Hearing").

3. In the First Status Report, the Trustee reported that he maintained communications with NHI and was awaiting NHI's comments regarding the Sale Order and APA. At that time, the Trustee expected that closing would occur before the end of February. The Trustee has since uploaded the Sale Order and APA, with such Order being entered on February 18, 2020 [Case No. 19-01230, Dkt. No. 324].

4. The Trustee has communicated with counsel for NHI, and he indicates that the closing of the sale of this Debtor's assets will occur in March 2020, most likely within the first two weeks of March 2020.

5. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company #3, LLC

6. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01180, Dkt. No. 272] to Atchison Health Association ("Atchison") pursuant to Atchison's high bid at the December 19, 2019 auction (the "Auction").

7. In the First Status Report, the Trustee reported that he had uploaded the Sale Order and APA to the Court, which was entered by the Court on January 31, 2020 [Case No. 19-01180, Dkt. No. 371]. At the time of the First Status Report, the Trustee expected to close the purchase of this Debtor's assets by Atchison before the end of February.

8. The sale of this Debtor's assets will not close before the end of February due to delays related to the purchaser's title insurance company, but the parties believe that the sale will occur in March 2020. The Trustee is currently holding funds for the full purchase price of the assets in his law firm's client trust account.

9. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company 6, LLC

10. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01300, Dkt. No. 362] to Affinity Health Partners, LLC ("Affinity") pursuant to Affinity's stalking horse bid.

11. This Court's Order approving the sale to Affinity [Case No. 19-01300, Dkt. No. 486] was entered on February 7, 2020. In the First Status Report, the Trustee reported that he and Affinity were maintaining ongoing discussions regarding the closing of the sale of this Debtor's assets. The Trustee also reported that, after consultation with the Bankruptcy Administrator, Washington County, and First Capital, the Trustee agreed to give Affinity an additional thirty (30) days, through and until March 1, 2020, to consummate the closing of this sale.

12. As stated above with respect to Washington County Hospital, the Trustee has remained in daily contact with Affinity with respect to the I-70 facility. The Investor discussions mentioned with respect to Washington County Hospital also apply to the I-70 facility.

13. Although the Trustee is confident that Affinity will obtain funding for its purchase of the Debtor's assets, as a precaution the Trustee has requested that Sherwood Partners resume their efforts as sales agent for the Trustee to find alternative purchasers for these assets.

13. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company 7, LLC

14. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01298, Dkt. No. 341] to Transcendental Union with Love and Spiritual Advancement ("TULSA") pursuant to TULSA's high bid at the Auction.

15. In the First Status Report, the Trustee reported that he had uploaded the Sale Order and APA to the Court, which was entered by the Court on February 4, 2020 [Case No. 19-01298, Dkt. No. 450]. At that time, the Trustee expected to close the purchase of this Debtor's assets by TULSA within thirty (30) days following the entry of the Sale Order.

16. This sale has been delayed as TULSA obtained counsel, but the Trustee is now in contact with such counsel and expects the sale to close in March 2020. The Trustee is currently holding funds for the full purchase price of the assets in his law firm's client trust account.

17. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company 12, LLC

18. At the Sale Hearing, the Court approved the Trustee's motion to sell this Debtor's assets [Case No. 19-01697, Dkt. No. 330] to Rural Wellness Fairfax, Inc. ("RWF") pursuant to RWF's high bid at the Auction.

19. In the First Status Report, the Trustee reported that he maintained communications with RWF and, at that time, anticipated submitting the Sale Order and APA to the Court within a week of the filing of this Status Report, with closing expected to occur within thirty (30) days

following the entry of the Sale Order. The Trustee subsequently uploaded the Sale Order and APA, which was entered by the Court on February 14, 2020 [Case No. 19-01697, Dkt. No. 447].

20. At this time the Trustee anticipates that the sale will close within the projected thirty (30) days following the entry of the Sale Order. Specifically, the parties are working towards a closing date of March 13, 2020.

21. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

CAH Acquisition Company 16, LLC

22. At the Sale Hearing, the Trustee received a bid in open court for this Debtor's assets from Haskell Regional Hospital, Inc. ("HRH"). Pursuant to the Court's Order authorizing the Trustee to consider such bid [Case No. 19-01227, Dkt. No. 405], the Trustee scheduled a phone auction that was ultimately canceled for lack of competing bidders, resulting in HRH as the sole, highest, and best bidder for this Debtor's assets.

23. The Court approved the proposed sale to HRH at the Second Sale Hearing.

24. In the First Status Report, the Trustee reported that he maintained communications with HRH and was awaiting HRH's comments regarding the Sale Order and APA, and, at the time, the Trustee expected that closing would occur within thirty (30) days following the entry of the Sale Order. Such Order was subsequently uploaded and entered by the Court on February 18, 2020 [Case No. 19-01227, Dkt. No. 430].

25. At this time the Trustee anticipates that the sale will close within the projected thirty (30) days following the entry of the Sale Order.

26. The Trustee will update the Court weekly as to the status of this closing, with the first such weekly update being filed no later than March 6, 2020.

Respectfully submitted, this the 27th day of February, 2020.

WALDREP LLP

/s/ Thomas W. Waldrep, Jr.

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